

I.V. ONYUSHEVA,¹
PhD, Associate Professor,
Professor of RAM, RANH.

Q.Y. TING,²
MBA.
«Turan» University.¹
Stamford International University²

KEY GLOBAL E-COMMERCE CONCEPTS IN CONTEMPORARY CONDITIONS OF SHARING ECONOMY

Abstract

This paper is devoted to key concepts and features of e-commerce in contemporary conditions of sharing economy. The advancement of Internet has tremendously increased the e-commerce business in the current digital era. Today major corporations are re-strategizing their businesses in terms of E-commerce and its capabilities to adapt in this changing world. E-commerce has become an imperative platform for businesses. The collective convergence of technologies today has highly affected marketing practices around the world with new trends emerging such as ‘sharing’ economy, the ‘now’ economy, Omni channel integration, content marketing, social CRM and others. This also leads to convergence between digital marketing and traditional marketing. The globalization trend is enhanced with the fast development of telecommunication and information technology what created huge opportunities in the global E-commerce platform for many companies. Nowadays, consumers are flooded with lots of information and marketing campaigns whenever they are online on laptop, tablet and mobile in their daily life and the information received will eventually effect their buying behavior. The article presents the study results of e-commerce frameworks, including basics of e-commerce, big data and consumer behavior in e-commerce. Moreover, in the paper the global B2C E-commerce analysis has been conducted for 2015–2016.

Key words: electronic commerce, sharing economy, globalization, consumer behavior, marketing, digital marketing.

The advancement of Internet has tremendously increased the E-commerce business in the current digital era. E-commerce was started to grow in 1994 when the Internet (world wide web) was opened to commercial use and ever since the E-commerce sales has been growing exponentially year on year. The consumers have gained access to and have contributed huge information from Internet, mobile devices and tablets devices; and have created a lot of opportunities in market place and beyond. Today major corporations are re-strategizing their businesses in terms of E-commerce and its capabilities to adapt in this changing world. E-commerce has become an imperative platform for businesses as important tools in their daily business strategy as well as global strategy. The rising of social media has causing the world has to go through the greatest cultural shifts and consumer has gain more power in the purchasing process. The collective convergence of technologies today has highly affected marketing practices around the world with new trends are emerging such as “sharing” economy, the “now” economy, Omni channel integration, content marketing, social CRM and others. This also result to convergence between digital marketing and traditional marketing, the more social the consumer is the more they want things that are just made for them. This has made possible by utilizing the big data analytics to create products that are more personalized and personal services. The role of marketers is to use different digital marketing strategy to guide customers throughout their journey from awareness and ultimately to advocacy.

Global Internet traffic has grown by a factor of 30 from 2000 to 2014, connecting four out of ten people in the world. Cisco forecast that another ten-fold jump of global Internet traffic by 2019, powered more than 11 billion connected mobile devices and with this kind of connectivity will transforms the way consumer behave, more consumers would search for price comparison and product reviews. The rising of unpredictable consumer behavior has required a different approach and marketing strategy such as adaptive marketing in global E-commerce. In a highly connected era, integration of online

and offline elements into the total customer experience as challenging in E-commerce. Today, in the engagement economy, consumers demand personalized and authentic experiences on their own preferred channels that a brand that meets their own needs and win their advocacy [1]. Today, SMEs and big corporation are beginning to use adaptive marketing to fuel their market growth and brand awareness in their E-commerce platform. Adaptive marketing is the use of data, technology and processes to build customer experiences that evolve instantly based on the behaviors, interests and needs of real people. The goal is to create a more effective strategy for engaging customers across channels that assumes that taking non-linear paths in their buying journey and should let customers dictate their own path by having a system that adjusts quickly and intelligently for them along the way.

Electronic commerce, or e-commerce, is about buying and selling of goods and services on the Internet. However other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. As cited by Richard T. Watson, Pierre Berthon, Leyland G. Pitt and George M. Zinkhan's book *Electronic Commerce: The Strategic Perspective in 2008*, E-commerce is the use of computer networks to improve organizational performance [1, p. 47–58]. Increasing profitability, gaining market share, improving customer service and delivering products faster are some of the organizational performance gains possible with e-commerce. Therefore, electronic commerce involves the use of information technology to enhance communications and transactions with all of an organization's stakeholders such as customers, suppliers, government regulators, financial institution, managers, employees and public. Electronic commerce draws on technologies such as mobile commerce, electronic fund transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. The rising of usage of Internet and the emerging capacities of the electronic commerce are increasing the opportunities for global electronic commerce that conducting exports or imports on a worldwide basis using new communications and information technologies. In short, electronic commerce is referring to any transaction made over the Internet. There are a few e-commerce models such as [2]:

- ◆ Business to business (B2B) e-commerce: Companies interacting with other companies, seeking supplier bids, fulfilling orders, receiving invoices and making payments using the Internet as backbone;
- ◆ Business to consumer (B2C) e-commerce: retail services between companies and customers;
- ◆ Consumer to consumer (C2C): trade in goods, services and even information between two or more consumers. Beyond the sale of goods, through auction sites like eBay or Yahoo;
- ◆ Information retrieval: from public sites such as government agencies, libraries or museums or proprietary sites such as those operated by online banking services or brokerages.

E-Commerce Frameworks. There are 3 levels of framework have to be in place for a company to be successful to have their e-commerce [3].

1. Infrastructure. Hardware, software, databases and communications. It is used in term of world wide web on the internet or other message switching methods on the Internet or other telecommunication networks such as social media (Facebook, Instagram, Tweeter and Pinterests).

2. Services. A wide range of services that provide the ability to find and present of information and are including the search for trading partners, negotiation and agreements.

3. Products and Structures. Consists of forecasts and direct provision of goods, services and trade related information to customers and business partners, cooperation and sharing of information within and outside the organization and organizing of environment of electronic marketplace and chain of supply and support.

The conducted global B2C E-commerce analysis showed that Asia-Pacific has the highest eGDP (share of e-commerce in GDP) growth at 4,48%; which is significantly higher than global average at 3,11% (Table 1, p. 58). This has shown that Asia-Pacific e-commerce business has great potential and opportunities and more and more business are start to see the importance of the e-commerce strategy as part of their business strategy [4].

Even though Latin American and the Middle East and Northern Africa (MENA) are at the bottom of the list in Table 1. The figures still shown significant growth if compare to 2014, when they amounted

to 0,51% and 0,54% respectively. In respective to country context, China and the UK are top of the list with the share of 7,05% and 6,12% respectively and China is twice more than United States which is 3,32%.

Table 1 – Region in terms of share eGDP: GDP at market prices and share of e-commerce in GDP, 2015

| Region | GDP at Market prices (USD) | Share of e-commerce in GDP |
|---|----------------------------|----------------------------|
| Global | \$73106bn | 3,11% |
| Asia-Pacific | \$23,564bn | 4,48% |
| North America | \$20,642bn | 3,12% |
| Europe | \$19,518bn | 2,59% |
| Latin America | \$4,295bn | 0,77% |
| MENA | \$3,606bn | 0,71% |
| Note – Compiled on the base of Eurostat, Worldbank, IMF and Ecommerce Foundation, 2016. | | |

In terms of B2C e-commerce sales, China and the United States are both at the top, where China in total spent \$766,5bn online while American spent 595,1bn in 2015. Chinese B2C E-commerce sales grew by 33% while in the US it grew by 12%. Total online sales in the top 10 countries are projected to reach around 2,277bn in 2016 (Table 2).

Table 2 – Top–10 Countries In Terms of B2C E-Commerce Sales: Online sales of goods and services, 2012–2016

| Countries | 2012 | 2013 | 2014 | 2015 | 2016(f) |
|---|-----------|-----------|-----------|-----------|-----------|
| China | \$250,4bn | \$397,5bn | \$575,0bn | \$766,5bn | \$975,0bn |
| USA | \$400,0bn | \$470,0bn | \$530,7bn | \$595,1bn | \$648,6bn |
| UK | \$107,7bn | \$139,4bn | \$156,9bn | \$174,2bn | \$192,5bn |
| Japan | \$78,8bn | \$92,8bn | \$106,1bn | \$114,4bn | \$124,4bn |
| France | \$49,9bn | \$56,6bn | \$63,0bn | \$71,9bn | \$79,1bn |
| Germany | \$41,0bn | \$52,0bn | \$58,4bn | \$66,2bn | \$74,1bn |
| South Korea | \$41,7bn | \$48,8bn | \$58,4bn | \$64,8bn | \$71,3bn |
| Canada | \$23,9bn | \$27,6bn | \$31,7bn | \$35,7bn | \$43,5bn |
| India | \$4,2bn | \$6,5bn | \$11,1bn | \$25,5bn | \$44,7bn |
| Russia | \$12,1bn | \$16,3bn | \$21,3bn | \$22,8bn | \$24,0bn |
| Note – Compiled on the base of data of National Association and Ecommerce Foundation, 2016. | | | | | |

From the table 2, the global e-commerce turnover is in growing trend and also looking at the online spending per online shopper, UK is highest in this ranking with the average e-consumer spent \$4,018 online on goods and/or services and more than USA who ranked second at \$3,428.

From the analysis above, it is clearly see the huge potential in global e-commerce business and many corporations should tap on the vast opportunities from it. E-commerce company that successful capitalized the opportunities will be increase their revenue. Today, the consumers are all well connected and will complete most shopping journeys via multiple devices. Therefore, e-commerce businesses will need to redesign their online transaction experience to reflect the fact that the majority of users visit them via multiple devices. Campaign must be activated on all devices and all properties fully tagged to leverage mobile and desktop.

Big Data for E-commerce. Big data is untouched data that is being produced continuously; these data can comes from sensors used to gather climate information, post to social media sites, digital pictures and videos, purchase transaction records and cell phone GPS signal. Big data decodes the data

to derive new insight that gets integrated into business operation. Every day we create 2,5 quintillion bytes of data and 90% of the data in the world today has been created in the last 2 years alone. Dealing with Big Data requires comprehensive coding skills, domain knowledge and statistics. Organizations worldwide are slowly recognizing the important of big data analytics from predicting customer behavior patterns to influencing them to make purchases. Data visualization is widely adopted by giants like Google, Facebook, Twitter and eBay for ease the complexity of handling data. Therefore, company can tap into the immense potential that big data consists and ensure greater business return on investments and business stability by implementing data analytics and data visualization.

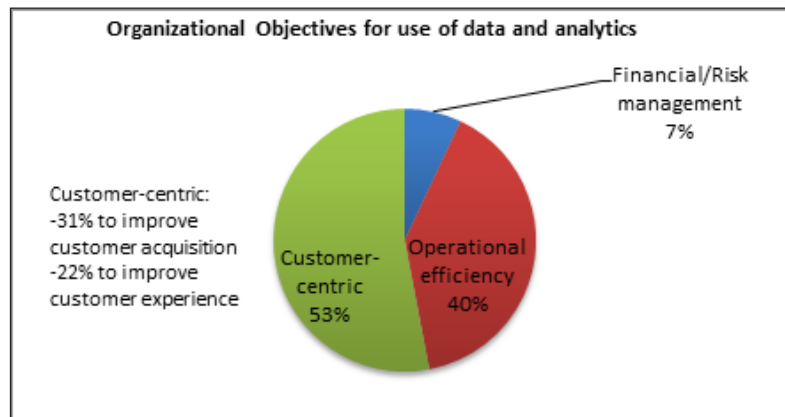


Figure 1 – Organizational objectives for use of data and analytics

Note – Compiled on the base of [4–6].

From the chart 1, the usage for big data are getting more on the customer-centric goals and 31% is to improve customer acquisition and 22% is to improve customer experience [5]. Therefore, it is easy to say that data and analytics are imperative to e-commerce businesses in their customer digital marketing strategy.

The benefits of big data are:

- ◆ it can provide the potential of information by making it transparent and usable at a higher frequency;
- ◆ it can help e-commerce business more transactional digital form data and collect more detailed and accurate performance information;
- ◆ leading e-commerce companies can utilize the data to conduct experiments and test predictions and adjust their businesses;
- ◆ allowing more sophisticated analytics and precise segmentation leading to tailored campaigns for product/services;
- ◆ improving development for next generation of products/services.

Marketers use the term personalization to define the merging of different types of data, that is processed in real time and can transformed to deliver the exact message for a product or a service to exact consumer as well as more precise and tailored marketing message to a preselected target audience. Companies using big data analytical tools able to capture and analyze clickstream, transaction, video and social media data, digital advertisers are able to spot trends and patterns, reveal new relationships, and optimize their ad campaigns by adjusting campaign strategies in real time. However, there is privacy concern about the basic customer right to retain the information websites share with third parties and other security issues of how this personal data can be store safely.

Consumer Behavior In E-commerce. The two most aspects for marketers in e-commerce is consumer behavior and customer journey. The goal of marketing is how to reach consumers at the most critical timing in order to influence or stimulate their buying decision. With the current vastly channels to reach customer such as traditional media, social media, smart devices, the chances for companies are rising, so does the power of the consumer to make a better informed choice and to get information from marketers through word-of-mouth (WOM) and what marketers would need today is a more precise and efficient way of satisfying customer demands and effectively manage the WOM. Date-driven

marketing can provide insights for better product and services and transform customer experience, brand recognition and marketer-consumer relationship in e-commerce. With the consumers getting well informed, it is not only for marketers in e-commerce to employ customer-centric strategies but also align those marketing tactics among all the supply chain-agencies, production companies, media partners and CRM departments. It is crucial for e-commerce companies to understand this changing situation and sophisticated consumers so and use the data efficiently to understand customers' desires and needs and to deliver the right message to them.

Consumer journey has change drastically today, the way consumers searching for a product for a product or service has changed from traditional purchase funnel, where the process from finding information of a product until the moment of buying a product was a linear process. The drivers of this change is the technology advancement and the Internet, the process is now non-linear and more in a circular form. As show in Figure 2, people will select a few brands in mind from all information received from all channels and then start the active evaluation and gathering of further information from friends, relatives, word-of-mouth, magazine articles. And the number of brands increase here this is because more products will appears in consideration during evaluation. Therefore, marketers can use digital media in every part of the consumer journey and directly and indirectly guiding the consumers toward buying their products or services in e-commerce businesses.

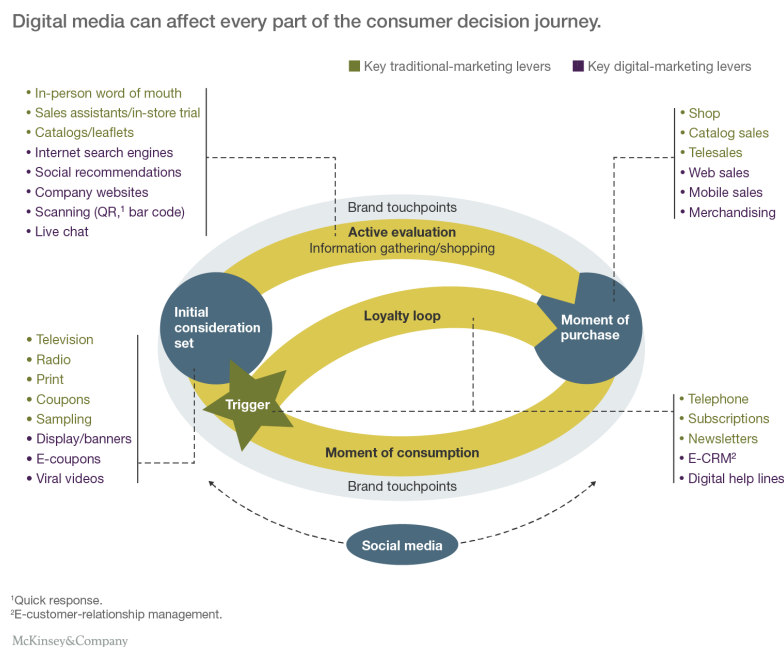


Figure 2 – How Digital Media Can Affect Consumer Journey

Note – Compiled on the base of [6].

The emergence of a new behavioral power online is extremely consumer driven. Even one consumer can be influential among a group of followers on social media platforms or other interactive online platforms in the new purchase journey today (Figure 3, p. 61). E-commerce businesses that able to target and utilize the influencers will have higher competitive advantage compare to competitors by influencing the potential buyers more precisely. Brand equity coupled with influencers and users can help companies create new and innovative customer-centered products or services plus open up new business system and improve platforms.

In making purchase decisions, customers are normally influenced by three factors. First, marketing communications in various media such as television ads, print ads, and public relations influences them. Second, they are persuaded by the opinions of their friends and family. Third, they have personal knowledge and an attitude about certain brands based on past experiences.

NEW PURCHASE JOURNEY



Figure 3 – New Purchase Journey

Note – Source: smallbusinessretails.com.

There are four traits of the connected consumers all marketers should know.

1. Dependence on online reviews and recommendations – The truly connected customer won't buy a product/service without consulting the vast online ecosystem of peer reviews and recommendations.

2. Desire for additional brand content – Customers expect more out of their brands today. Keeping consumers engaged now leads companies to offer content as diverse and wide ranging as viral videos, iPhone games, and interactive Twitter contests and behind the scenes Instagram feeds.

3. Constant connection via mobile – The ubiquity of smartphones and the rise of always-on, lightning-fast data connections means that marketers are no longer limited by time or location when it comes to reaching potential customers. Challenges remain, however, as consumers, despite their willingness to share every aspect of their life on social media, are becoming ever more guarded of their privacy and may resent what they see as intrusions by commercial interests.

4. Expect of ongoing dialogue in customer relationships – The old way of marketing was a one-way street. Brands put out their message and the consumer either accepted it or not. Now, like everything else in the digital age, it's no longer that simple. Marketers today are expected to engage in a two-way conversation with customers on every level, hopefully with results that are mutually beneficial for both parties.

To conclude, in the highly connected digital era, all consumers are in the network community that vast information and data are directly and indirectly collected by companies via all channels, Internet, social media, mobile devices and so on. These data are very useful for e-commerce businesses in their adaptive marketing strategies. Therefore, e-commerce business should encourage dialogue among consumers and responding with personalized information than with a promotional marketing pitch. E-commerce should increase the speed and accuracy of customer responses, ensuring fast and consistent at different customer touched points-sales, marketing, customer service and products support.

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Андапта

Мақала үлескерлік экономиканың қазіргі жағдайында электрондық сауданың негізгі тұжырымдамалары мен ерекшеліктеріне арналған. Интернетті дамыту сандық технологияның қазіргі дәуірінде электронды сауданың бизнесін айтарлықтай кеңейтті. Бүгінгі таңда ірі бірлестіктер өздерінің кәсіпорындарын е-сауда тұрғысынан және осы өзгермелі әлемге бейімделу мүмкіндіктерінен қарастырады. Электрондық сауда бизнестің ажырамас платформасына айналды. Бүгінгі таңда технологиялардың ұжымдық конвергенциясы «үлескерлік экономика» немесе «бүгінгі таңдағы экономика», Omni-каналмен интеграциясы, контент-маркетинг, әлеуметтік CRM және басқалар секілді жаңа тенденциялардың пайда болуы әлемдегі маркетингтік тәжірибеге айтарлықтай әсерін тигізді. Сондай-ақ, бұл сандық маркетинг пен дәстүрлі маркетингтің конвергенциясына әкелді. Жаһандану үрдісі телекоммуникация мен ақпараттық технологиялардың қарқынды дамуы арқасында нығайып келеді, бұл көптеген компаниялар үшін электрондық сауданың жаһандық платформасында үлкен мүмкіндіктер тудырады. Қазіргі уақытта тұтынушылар күнделікті өмірде ноутбук, планшет немесе ұялы телефонды қолдана ақпараттық және маркетингтік компаниялардың шамадан тыслығын сезінеді, ақырында алынған ақпарат сатып алушылардың мінез-құлқына әсер етеді. Мақала электрондық сауданың негізгі тұжырымдамалары мен ерекшеліктеріне, соның ішінде электрондық сауда негіздеріне, үлкен көлемдегі ақпаратпен жұмыс істеуге, сондай-ақ электрондық саудадағы тұтынушылардың мінез-құлқына арналған. Бұдан басқа, мақалада 2015–2016 жж. «бизнес-сатып алушы» электрондық сауда моделінің жаһандық талдауы көрсетілген.

Тірек сөздер: электрондық сауда, үлескерлік экономика, жаһандану, тұтынушылардың мінез-құлқы, маркетинг, сандық маркетинг.

Аннотация

Статья посвящена ключевым понятиям и особенностям электронной коммерции в современных условиях долевой экономики. Продвижение интернета значительно расширило бизнес электронной коммерции в нынешнюю эпоху цифровых технологий. Сегодня крупные корпорации пересматривают свои предприятия с точки зрения e-коммерции и своих возможностей адаптироваться в изменяющемся мире. Электронная коммерция стала обязательной платформой для бизнеса. Коллективная конвергенция технологий сегодня сильно повлияла на маркетинговые практики во всем мире с появлением новых тенденций, таких, как «долевая экономика» или «экономика сегодняшнего дня», интеграция с Omni-каналом, контент-маркетинг, социальный CRM и другие. Это также приводит к конвергенции между цифровым маркетингом и традиционным маркетингом. Тенденция глобализации усиливается благодаря быстрому развитию телекоммуникационных и информационных технологий, что создает огромные возможности на глобальной платформе электронной коммерции для многих компаний. В настоящее время потребители испытывают переизбыток информационных и маркетинговых кампаний, находясь в сети, и полученная информация влияет на их покупательское поведение в конечном итоге. Статья посвящена ключевым понятиям и особенностям электронной коммерции, включая основы электронной коммерции, работу с большими массивами информации, а также особенности поведения потребителей в электронной коммерции. Кроме того, в работе представлен глобальный анализ электронной коммерции модели «бизнес-покупатель» за 2015–2016 гг.

Ключевые слова: электронная коммерция, долевая экономика, глобализация, поведение потребителей, маркетинг, цифровой маркетинг.